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Previous references.

File No. 2 P/1894

191

(Bac. Reg)

Serial Nos. 19-26

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

JI Part B for March 1904.

SUBJECT.

Inspection Report of the Agricultural Bank at Pallahalli, Periyapatnam Tq

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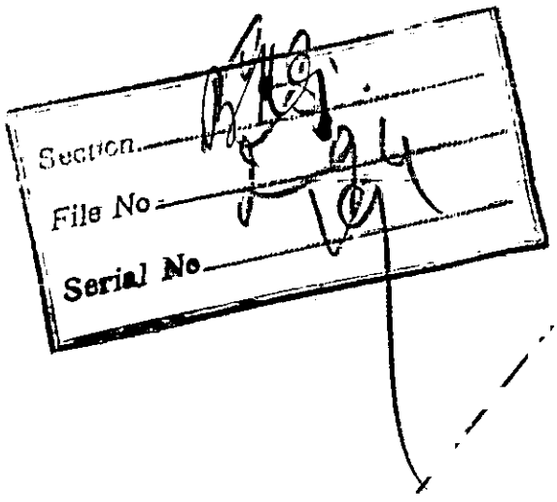
W D 88—GPB—50,000—24-7-16

MYSORE GOVERNMENT
1903
GENERAL AND REVENUE SECRETARIAT

R 1872

FROM

The Deputy Commissioner,
of the Mysore District.



To

The Secretary to the Govt. of Mysore,
Revenue and General Departments

Dated 13
Despatched 17 } December 1903
Received

General No. 326
No.

Enclosure No. 1 Report & 6 Statements

Submitting the inspection report of the agricultural Bank at Paleahalli

No. 326

Enclosures No.

DEPUTY COMMISSIONER'S OFFICE,

MYSORE DISTRICT.

Dated Camp Bilikere 13th December 1903

To H. V. Nanjundayya Esqr. M.A., M.L.,
The Secretary to the Government of Mysore,
Revenue and General Departments.

Sir,

I have the honor to submit herewith the report on the inspection of the Agricultural Bank at Bacahalli made by Mr. C. Krishna Rau, Assistant Commissioner, on the 30th August 1903, together with the Statistical returns relating to the last official year.

I have the honor to be,
Sir,
Your most obedient servant,

B. L. Rice

Deputy Commissioner,
Mysore District.

1. Date of present inspection.

2. Whether there is a duly registered suitable Bank, office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.

3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

4. Whether the Bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the Bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility.

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village, whether there was proper sanction for it.

6. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the Bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the Bank has gained or lost in strength, energy and usefulness since formation or last inspection.

7. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained; if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the Bank. Any notable instances of new acquisition or improvement since formation of the Bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the Bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the Bank at date of inspection.

8. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the Bank had in its dealings unauthorizedly exceeded the limit and if so, how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived, *viz.*—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in cash and (2) in grain, deposits from outsiders, debentures etc. Note whether the Bank's credit is well established and sustained, or steadily growing; if otherwise, to what extent such result is due to any action or omission of the Bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

9. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the Bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or, whether in your opinion it is advisable to withdraw the loan under the provisions of Sections 74 and 75 of the Articles of Association; and state reasons for such opinion briefly and concisely.

August 29th & 30th August 1903. a

Mr. B. Ramaswami Iyengar, Inspector

April 1903.

2. The Bank was established on the 18th
Rs 16,000/ was taken in Govt Pro: No: 39 D. H. O
of Rs 4000 in G. Pro: No. 23,315-6-R 3399-00 & 15th Ju
in a well-built house of the President. The
& Supplies here.

3. No particular dates or hours are fixed
every day from morning till evening a

4. Yes, these are kept in an iron-sa
(in the President's house)

5) Majority of the Villages are near to
limits: - - . Seven members li
dead & the others live within the prese

6. At the formation of the Bank there
risen upto 54 upto date. The new me
formalities. The Bank is reported to be
limited members of 75 obs.

7. Yes, a list of the lands is main
to be good one - there seems to be no lig
or other kinds of transfer have com
the Bank possesses - is the registe
property in the Sub Registry office and
or otherwise of the applicants. The an
security is as per latest proceedings, an
Bank upto the end of June last, amounti
cent on the assets of the Bank's.

8. The limit has increased, due to
The sources of the Bank-funds are as fo
(1) Entrance fee upto date of inspec
Loan from Government -
Deposits from members - -
Do. from others - - -
(2) No deposits in grain are received
The members seem to have understood, on
mutual help and thrift within the n
class. -
9. The amount of Government loan
is Rs 27,900/ which is within the limit
is being paid up on the prescribed dat
- Strict Supervision of competent

10. As regards loans and deposits from others, note the terms allowed, generally in regard to rate of, interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way, in excess of the Bank's requirements or of what local conditions of credit, prudential considerations and the progress and well-being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually, completely and satisfactorily.

10. Interest is paid at the rate of 4½ per cent. The rate of interest on loans granted by the Bank varies from 6½ per cent originally fixed under clause (b) of the Bye-laws (Loans against property) is reduced to 5½ per cent. The repayment of loans is irregular although the borrowers seem to be trustworthy and in a position to discharge their obligations punctually, completely and satisfactorily. No complaints against the Bank have been received by the Registrar during the course of inspection.

11. As regards the Bank's transactions, compare the Cash Book with Ledgers, Receipts, Chalans, Cheques, Treasury Pass Book, Contingent and Establishment Registers, Documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave. In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory, note briefly your objections.

11. The accounts are complete and kept up to date. Corrections were observed and pointed out. They seem to be all authorities were told to see that every alt

See if disbursements were duly authorised and are supported by proper vouchers.

Were the charges incurred under Establishment and Contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

Disbursements are made on due authority and Cashbook Register maintained and are correct.

Charges incurred under Establishment and Contingencies are necessary. Some members render gratuitous service.

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the Bank's chest. Are instances frequent of the transgression of the limit fixed in the Articles of Association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded of keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, why is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President.

The last entry in the cash book was 30/4. Cash balance was examined, and found correct Rs 207-15-2.

Yes.

No.

Note the general results of the Bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the Bank is correct in all particulars.

RECEIPTS.	Rs. a. p.	EXPENDITURE.	Rs. a. p.
n Treasury ...	54444-0-0	To Treasury Current acct. principal repaid ...	26541-0-0
Depositors...	13333-6-8	Depositors ...	12095-10-8
ance fee ...	26-12-0	„ Members, loan.	170003-0-10
rest and penalty ...	3848-1-6	„ Govt. on acct. of interest ...	8623-8-9
ıs repaid	140246-12-10	Depositors ...	182-1-6
r items ...	1850-0-4	„ Printing charges ...	36-11-0
		„ Establishment.	1873-5-4
		„ Contingencies	117-11-0
		„ Other charges.	3058-2-6
Total	223746-5-4	Total	222531-4-5
		Cash balance at the end of June 93	1215-0-11
		Total.	223746-5-4

12. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in Section 42 of the Articles of Association, the General Assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favor particular individuals, and had such instances produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non-application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

(12) The bank has adhered to the resolutions passed and adopted by Govt on the 18th November 1894. The 3rd class viz "Joint Mutual loan" is not in force from the beginning. The limit prescribed in case of landed security is that, unless the value of such security exceeds by one fourth the loan asked for, no loan can be sanctioned. Where there are any cases of violation, it is not possible to say, unless a detailed examination of at least half the members of such bank is necessary before a definite answer is given in this respect.

I noticed that the President and his eldest son had separate dealings with the bank, notwithstanding that they were members of a Hindu family. They state in explanation that the securities offered by them were quite distinct from each other.

There are signs of unanimity existing within a limited number of members. Yes, the objects of the loan are clearly mentioned in the darkhasts. The directors seem to pay keen attention to the disposal of the darkhasts. No instances of the misuse of loans have come to notice and they can be detected only when a minute inspection is made of the lands to be benefited by the loan.

Note the sums obtained and used for the several purposes indicated in the appended form, since the date of last inspection — from the beginning of the bank.

Amount spent.	Rs.	a.	p.
1 For discharging encumbrances	699		
2 To discharge other debts			
3 For agricultural purposes (a) (b) (c) (d)			
4 For other purposes (a) (b) (c) (d)			

Amount obtained.	Rs.	a.	p.
1 To discharge encumbrances.			
2 To " other debts.			
3 For agricultural purposes.	74/35		
(a) to purchase seed grain,			
(b) " cattle			
(c) " implements,			
(d) "			

13. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference, if any, with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans, whether in the case of simple debts repaid, documents discharged, receipts, &c., obtained had been produced, and in case of notable exceptions when they are expected to be produced.

(13) Yes, they are in proper form and duly registered except two instances in which the President himself had two of his deeds unregistered. This omission was pointed out with a view to the same being supplied at once. The deeds of Mortgages are checked in order of their execution. The Mortgage and title deeds are filed together.

The amount of loans granted and the probable or estimated value of the land are Rs 145000 and 109,890 respectively, that is, the percentage of the loan to the value of the property mortgaged is 76/. Only Rs 2800 are due under 1st class from the members or in other words, a little less than 2/3 has been received. Personal securities are also taken in case of loans falling under classes II and III; but in my opinion, lending money on personal securities (under IInd class) is rather prejudicial to the interest of the agricultural bank.

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments. since the date of last

1st class.	2nd class.	3rd class.	4th class.	Total.	Value of property under mortgage to Bank.
10	12	"	"	22.	

14. As regards punctuality, completeness or otherwise in the payment of dues by members, Note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the Bank had been fully recovered and whether the interest due to Government and to other creditors duly paid: arrears, if any, how explained and when expected to be paid.

15. As regards surplus, Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

16. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half-year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the Articles of Association or other provisions of law.

17. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

18. As regards supervision, whether any and what arrangements the General Assembly had made for control and audit, are they effective and satisfactory.

19. As regards registers and accounts, see appended list, note therein which of them is kept and how.

I. Register of members.
II. „ of applications for loan
III. Cash book
IV. Ledger
V. Minute book
VI. Register of balance sheets
VII. Property register
VIII Register of monthly cash-abstracts
IX. Register of bonds
X Receipts by Bank
XI. Depositors' ledger
XII. Treasury pass book
XIII. Chalan book
XIV. Cheque book
XV. Receipts by members to Bank
XVI. Register of Directors
XVII. Register of Directors' Proceedings
XVIII. Register of appropriation of loans
XIX. „ of contingent expenses
XX. „ of disbursement of pay to establishment
XXI. „ of From letters
XXII. „ of To letters
XXIII. Visitors' book

20. General remarks regarding the state of the Ba

16. Yes, in most cases, payments are made regularly and in some ca not regularly. No defaulters since last inspection. Defaulters ma to pay penalty in addition to usual terms, as a check agains irregular payments. There are no unduly large arrears, except case of 2 members viz Sri V. Subbarao of Seringapatam and Ch -gowda who are indebted to the Bank for Rs 1925/- and 1860 respe Repayments due since the date of last inspection are regularly ma There is a custom in vogue to give notices to defaulters to clea their arrears at once.—

15. The Surplus funds upto date of inspection amounted to Rs 1833 The whole of this has been carried into the Reserve fund. According to th latest Resolution of the General Meeting, passed on the 4th August 1903, Sum of Rs 1500/- is proposed to be invested in the Bank in favour of the Sri Pasupatheswara Swami and the remaining amount to be reserved fo other emergencies. This resolution does not seem to have been approved by Government. I am doubtful whether under the present circumsta of the Bank, the General Assembly can have power to Allot such fund for charitable purposes.—

16. Yes, the rules are understood by the members. No - extra-ordinary meetings are held since last inspection. Yes, members seem to tak due interest in it. But I believe they are not free from party feelings, which can be removed only by frequent inspections by competent Offic

17. No, there is no fixed day, time or place about the meeting, but the record shows that they conduct business by circulation of the minute book. Yes recorded in a book. I cannot say that particular directors takes special interest as the period of my inspection was too short. But in my opinion I hope that they should be compelled to meet at the Bank house fortnightly by their by-laws.

18. No such check exists. It would be better if it is insisted that at least 2 members should by turns inspect every book on the days and report thereon.—

19. All the registers, except Books Nos VIII, IX and XXIII are maintained. Registers Nos XIX & XX are combined in one book. It is essential that the Register of bonds and that of appropriation of loans should be maintained. This omission has been pointed out to the Presidents

(20). The maintenance of a general register showing the daily minus karch and Balance is desirable, as the Register of Cash

P.T.O

20) (Concld) Cash balance now maintained in the Bank is an elaborate register from which the abstract daily Jamakharch cannot be easily deduced.

A careful inspection of the books of different members and enquiries as to (1) their relationship

(2) whether the estimates of certain lands is correct

(3) whether the money is actually spent for the purpose for which it is borrowed

(4) how far the members have improved their agricultural operations

and lastly (5) whether they have in any way improved their Status

are very essential

Dated the 31st August. 03

C. Hari Krishna Rao

Treasury Assistant Examiner of Accounts.

Mysore Govt. Gen. & Rev. Secretariat,
Revenue Branch.

Section
File No
Serial No

Office Draft.

Progs. of the Govt. of H. H. the Maharaja of Mysore.

File No. (if any) and its date

Draft sent to the Secretariat through the 1st Asst. 3/3/04

1 4 MAR 1904
588

Read

Report on the inspection of the Agl. Bank at Pallahalli Seringapatam Taluk, made by Mr C. Krishna Rao Asst. Comptroller received with letter No. 3268 dt 13th Decr 03 from the Dy. Commissioner of Mysore District

Order:

No K 2891-8, dated 91 of 97-98,
22nd March 1904

Recorded with the following observations:—

(1). The Bank's funds on the date of inspection amounted to Rs 30,971-5-0 as detailed below and not Rs. 43,360-6-8 as mentioned in para 4 of the Report:—

Press Copy sent 23/3

rel amount of Rs. — 1
Govt. loan. 27,900. ---
Do. of deposits. 1,238. ---
Surplus 1833-5-7
Total Rs. 30,971-5-7

(2) The rel-amount of deposits is very small for a period of 8 years during which the bank has been working. The members should endeavour to lay by their savings in the Bank systematically in accordance with the instructions conveyed in G.O. No. 6916-19 R-7 117-95 by 1st February '97, to make the institution self-supporting.

(3) Out of Rs 2,500, the amount of first instalment by end of June 1903, only Rs. 2100 are reported to have been paid into the Treasury up to date of inspection. The balance of Rs. 400 should be recovered immediately, if it has not already been paid up.

(4) In para 11 of the report

It is mentioned that some members rendered gratuitous Service. This implies that other members received remuneration for Services rendered. A clear report showing the names of the members and the remuneration received by them should be submitted. In this Connection, attention is drawn to para 57 of the Articles of Association laying down that no member shall receive any remuneration for Services rendered

(5) The particulars of the Cash transactions given in para 11 of the Report show that loans granted to and repaid by the members during the 8 years of the Bank's existence amounted to Rs 1,70,003 and Rs. 140247 respectively, while the working capital advanced by Govt. for the Bank was Rs. 30,000

A Statement in the accompanying form may be obtained from the Bank at an early date and submitted to Govt. in view to find out the manner in which these heavy transactions were conducted

(6) details of Rs 1850-0-4 and Rs 3058-2-6 shown against "Other items" under "Receipts" and "other Charges" under "Expenditure" respectively in the table appended to para 11 of the Report are not known. They should be furnished.

(7) That the President of the Bank and his eldest son should have separate dealings in it, notwithstanding they are members of a joint Hindu family, is irregular. The interests of both of them should represent only one membership. Any excess over the sanctioned limit

Serial No.	Name & Address of Member	Loans granted				Loans repaid		
		Date	Amount	Purpose	Security	Date	Amount	

of loan of Rs 2000 drawn by the President and his son should be caused to be refunded.

(8) Against ~~Rs~~ 7,475, the amount of loan granted by the Bank subsequent ~~to~~ to April '03 (vide statement appended to para 12 of the Report), ~~only~~ Rs 685- are shown as having been used by the members for agricultural purposes. How the remaining sum of Rs 6790 was utilised, should now be explained.

(9) The President of the Bank is reported to have had two of his deeds unregistered. This is setting a bad example for the other members. ~~to follow~~

(10) The opinion of the inspecting officer that lending money on personal security is prejudicial to the interests of the bank,

is sound. The Bank will do well to confine its transactions to loans of class I - on the mortgage of immovable property and class IV - hand loans which do not require personal security.

(11) The surplus of the Bank up to the end of June 03 19 is Rs 1833. This is small, Considering that the working Capital was Rs 30,000 And the net profit derived in the shape of interest amounted to Rs 5069. Proper steps should be taken by the General Assembly to reduce the bank's current expenses in order to increase its reserve fund

(12) The resolution of the general Assembly that Rs 1500 out of the surplus should be set apart for the use of a temple is against para 56 of the Arbs. of Assn ished

under G.O. No. 4453-62 / Pl. 236 of 5th Nov. '95 and adopted by the Bank in supersession of its old form of the articles read in G.O. No. 39 Dtd. 29th Nov. 94. All surplus after meeting unforeseen losses should go towards the reduction of loans and deposits outstanding. This point should be clearly explained to the Bank.

(13.) No arrangements are reported to have been made for the supervision of the affairs of the bank and for the audit of its accounts. This is not satisfactory. In the matter of audit of accounts attention should be drawn to the provisions of paras 28 63 66 67 and 68 of the Arts. of Assn. As regards supervision of the lands owned by members

two of the directors at least should enquire from time to time the condition of the lands and the use to which the money obtained by the members was put, and note the result of their enquiries in a register to be maintained for the purpose.

(14) The Register of Leases and the Register of appropriation of loans reported to have not been kept should be caused to be opened at an early date and maintained properly

Printed
3/3/4

Sd. T.H. 3.1907
Secretary

To
The Deputy Commissioners,
Myrone and Ajmer

" Dep^y Comm^r N.
West Districts

[illegible]

Comp^d. 21/3.

1903-04

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

REVENUE

PROCEEDINGS .

Dated 22nd March 1904

No. R. 2891-8
R. F. 91-97—8

Recording, with observations, the report on the inspection of the Agricultural Bank at Palhalli in the Seringapatam Taluk, made by Mr. C. Krishna Rao, Assistant Commissioner, on the 30th of August 1903.

SBP—9-4-04—250

READ—

Report on the inspection of the Agricultural Bank at Palhalli in the Seringapatam Taluk, made by Mr. C. Krishna Rao, Assistant Commissioner, received with letter No. 326, dated the 13th December 1903, from the Deputy Commissioner of the Mysore District.

No. R. 2891-8—R. F. 91 of 97-8, DATED BANGALORE, 22ND MARCH 1904.

ORDER THEREON.—Recorded with the following observations :—

1. The Bank's funds on the date of inspection amounted to Rs. 30,971-5-9 as detailed below and not Rs. 43,360-6-8 as mentioned in para 8 of the Report :—

	Rs.	a.	p.
Net amount of Government loan ...	27,900	0	0
Deposits	1,238	0	0
Surplus	1,833	5	9
Total ...	30,971	5	9

2. The net amount of deposits is very small for a period of eight years during which the Bank has been working. The members should endeavour to lay by their savings in the Bank systematically in accordance with the instructions conveyed in Government Order No. 6916-19—R. F. 11-95, dated the 1st February 1897, to make the institution self-supporting.

3. Out of Rs. 2,500, the amount of the first instalment due by end of June 1903, only Rs. 2,100 are reported to have been paid into the Treasury up to the date of inspection. The balance of Rs. 400 should be recovered immediately, if it has not already been paid up.

4. In para 11 of the Report it is mentioned that *some* members rendered gratuitous service. This implies that other members received remuneration for services rendered. A clear report showing the names of the members and the remuneration received by them should be submitted. In this connection, attention is drawn to para 57 of the Articles of Association laying down that no member shall receive any remuneration for services rendered.

5. The particulars of the cash transactions given in para 11 of the Report show that loans granted to and repaid by the members during the eight years of the Bank's existence amounted to Rs. 1,70,003 and Rs. 1,40,247 respectively, while the working capital advanced by Government, for this Bank was Rs. 30,000. A statement in the accompanying form may be obtained from the Bank at an early date and submitted to Government in view to find out the manner in which these heavy transactions were conducted.

Serial No.	Name of member	Loans granted				Loans repaid			
		Date	Class	Amount	Purpose	Date	Class	Amount	

6. Details for Rs. 1,850-0-4 and Rs. 3,058-2-6 shown against "Other items" under "Receipts" and "Other charges" under "Expenditure" respectively in the table appended to para 11 of the Report are not known. They should be furnished.

7. That the President of the Bank and his eldest son should have separate dealings in it, notwithstanding they are members of a joint Hindu family, is irregular. The interests of both of them should represent only one membership. Any excess over the sanctioned limit of loan of Rs. 2,000 drawn by the President and his son should be caused to be refunded.

8. Against Rs. 7,475, the amount of the loan granted by the Bank subsequent to April 1903 (*vide* statement appended to para 12 of the Report), Rs. 685 are shown as having been used by the members for agricultural purposes. How the remaining sum of Rs. 6,790 was utilised should now be explained.

9. The President of the Bank is reported to have had two of his deeds unregistered. This is setting a bad example for the other members.

10. The opinion of the Inspecting Officer that lending money on personal security is prejudicial to the interests of the Bank, is sound. The Bank will do well to confine its transactions to loans of class I on the mortgage of immovable property, and class IV hand-loans, which do not require personal security.

11. The surplus of the Bank up to the end of June 1903 is Rs. 1,833. This is small, considering that the working capital was Rs. 30,000 and the net profit derived in the shape of interest amounted to Rs. 5,069 Proper steps should be taken by the general assembly to reduce the Bank's current expenses in order to increase its reserve fund.

12. The resolution of the general assembly that Rs. 1,500 out of the surplus should be set apart for the use of a temple is against para 56 of the Articles of Association issued under Government Order No. 4453-62—Fl. 236, dated the 1st November 1895, and adopted by the Bank in supersession of its old form of the Articles read in Government Order No. 39 D. H. O., dated the 29th November 1904. All surplus after meeting unforeseen losses should go towards the reduction of loans and deposits outstanding. This point should be clearly explained to the Bank.

13. No arrangements are reported to have been made for the supervision of the affairs of the Bank and for the audit of its accounts. This is not satisfactory. In the matter of audit of accounts, attention should be drawn to the provisions of paras 28, 63, 66, 67 and 68 of the Articles of Association. As regards supervision of the lands owned by members, two of the Directors at least should enquire from time to time the condition of the lands and the use to which the money obtained by the members was put and note the result of their enquiries in a register to be maintained for the purpose.

14. The register of bonds and the register of appropriation of loans reported to have not been kept should be caused to be opened at an early date and maintained properly.

L. ANANTASAMI RAO,
Offg. Secy. to Govt., Gen. & Rev. Depts.

To—The Deputy Commissioner, Mysore District.
The Deputy Commissioners of other Districts.

Exd.—C.R.